

Changing minds.

Changing habits...

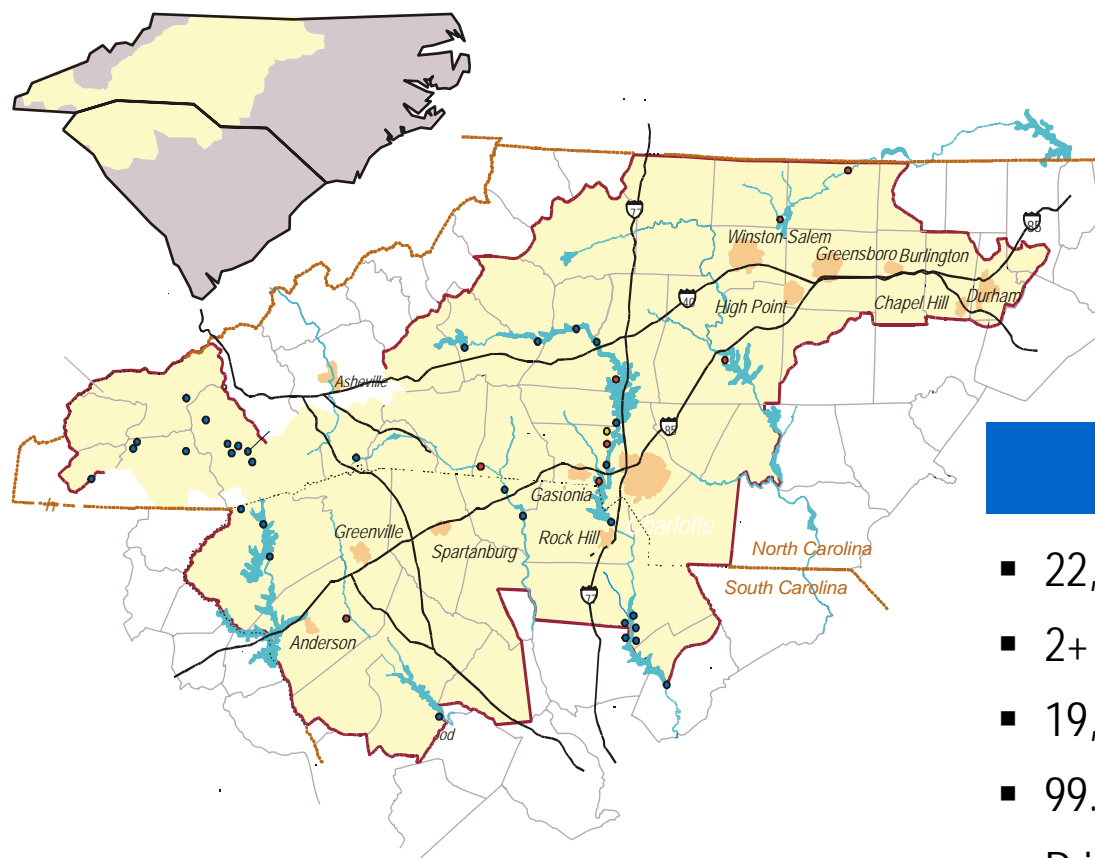
A New Approach to Energy Efficiency

August 16, 2007



A Discussion With
The South Carolina
Public Service Commission





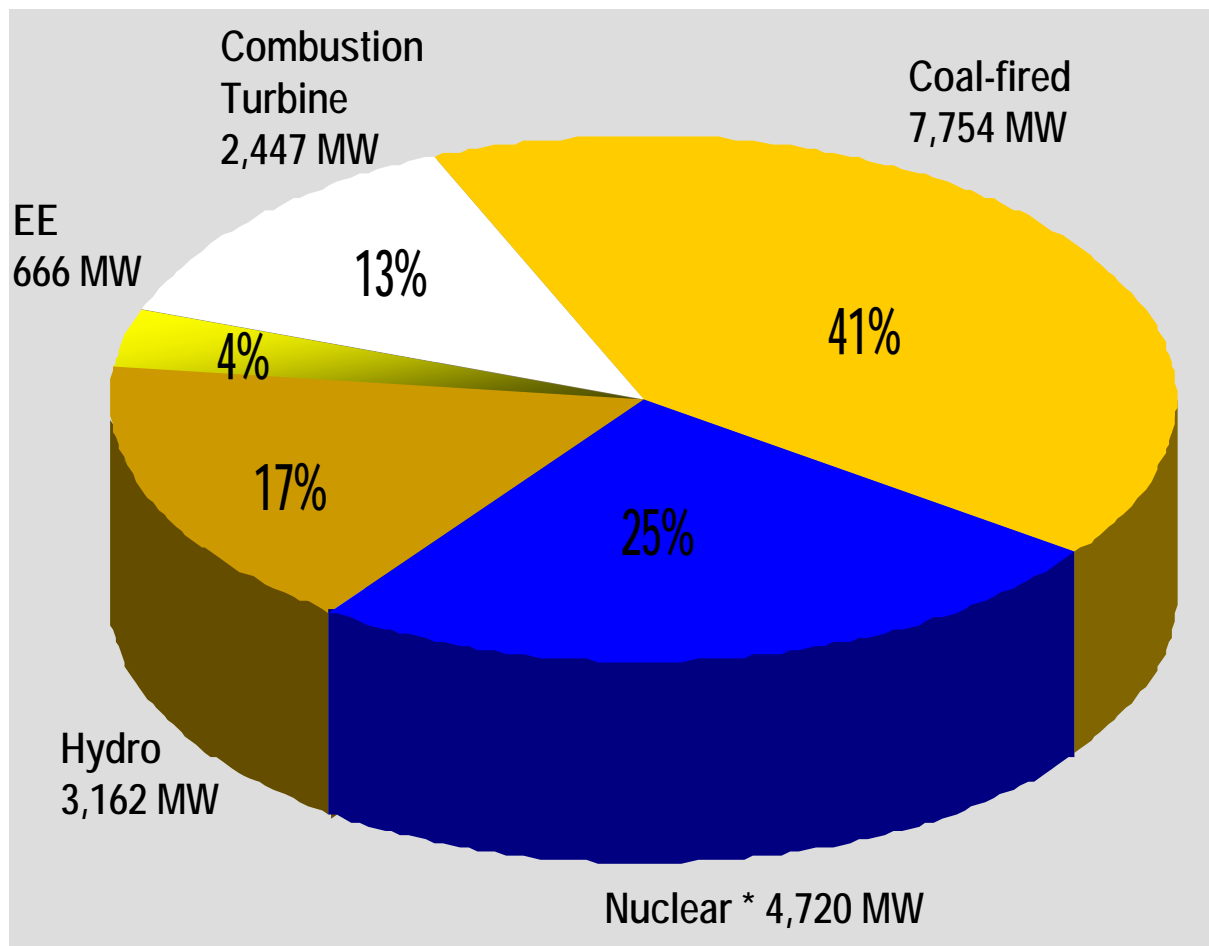
100+ years of service...

- 22,000 square miles of service territory
- 2+ million customers
- 19,000 MW total generation capability
- 99.9% Reliability
- Prices 20+% below national average
- Superior Customer Satisfaction Ratings

Current State: Duke Energy Carolinas' Capacity Mix



- Diverse fuel mix – primarily 4 fuels
- Approximately 700 MWs of Demand Response today that is used for emergencies
- We can and should do more energy efficiency with appropriate regulatory treatment



* Reflects only Duke's ownership portion of Catawba

Current State:

Timing is Right for Energy Efficiency



- Customer demand is growing requiring new investment
 - DOE estimates a 50% increase in demand by 2030
 - Growth in consumer use – especially electronics
 - Duke Energy Carolinas is adding 40,000-60,000 customers per year
- Energy prices are increasing
 - Rising Fuel Costs
 - Needed investment in delivery systems
- Environmental issues need to be addressed
 - Greater environmental controls and carbon issues will add more upward pressure on prices for customers
- Advances in technology will make energy efficiency easier to obtain without disrupting customer's comfort and convenience

Our Vision:

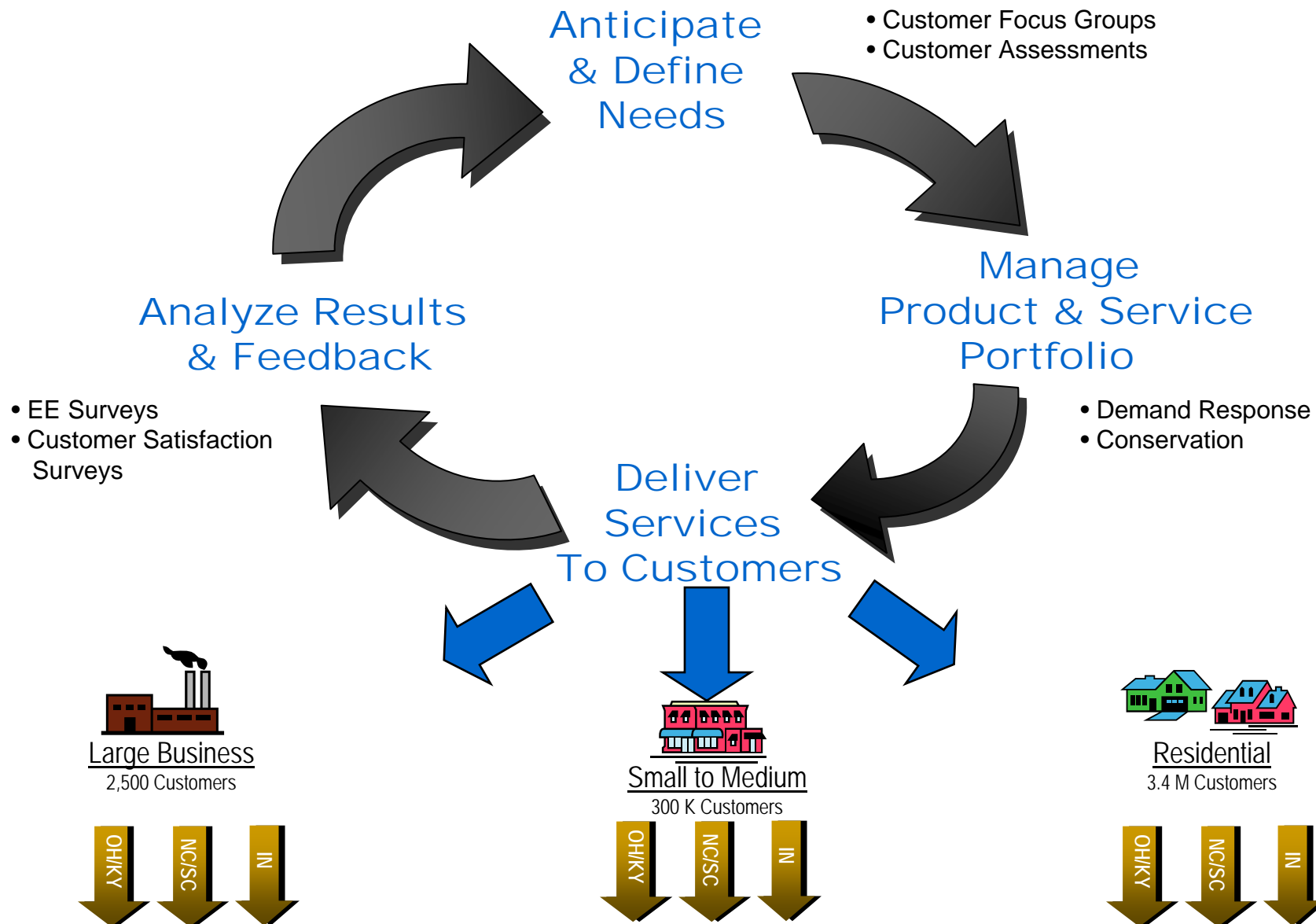
Changing the Way We Think About Utilities & Energy Efficiency



The save-a-watt model will benefit our customers, the public and the company for implementing ALL cost effective programs that will:

- Produce a portion of needed capacity and energy to meet our customers' energy requirements with zero emissions
- Share savings with ALL customers to lower bills compared to the bills that would result from supply-side only investments
- Provide customers with universal access to energy efficiency (including underserved or hard to serve markets)
- Create new energy efficiency service jobs
- Reward the delivery of results (reductions in kW and kWh)
 - Substantially lower bills for customers who participate
 - Provide the company with an opportunity to be at least as well off financially as building a new power plant

Our Vision: Offers Customers Value and Programs that Deliver Measurable Results



Our Vision: Paid On Results, So Create Programs Customers will Value



RESIDENTIAL CUSTOMER PROGRAMS (21 Measures)

- Residential Assessments
- Smart \$aver® for Residential Customers
- Power Manager (Demand Response)
- Low Income Energy Efficiency and Weatherization Assistance Program
- Energy Efficiency Education Program for Schools

NON-RESIDENTIAL CUSTOMER PROGRAMS (121 Measures)

- Non-Residential Assessments
- Smart \$aver® for Non-Residential Customers
- PowerShare® (Demand Response)

RESEARCH

- Efficiency Savings Plan Program
- Residential Bill Check Program
- Advanced Power Manager Pilot Programs
- Non-Residential Energy Assessment Program with Monitoring
- Renewables

Questions?
